GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:434
ANSWERED ON:04.05.2007
DELAY IN CLEARANCE OF CHEQUES
Jha Shri Raghunath

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that banks take 4-6 days to clear cheques deposited by their customers;

(b) if so, whether inordinate delays in clearance of cheques are a violation of consumers right to access their funds in time;

(c) whether it is mandatory for banks to pay interest on delayed crediting to its customers;

(d) if so, the details thereof; and

(e) if not, the corrective steps taken by the Government in this regard ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (e) : A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO. 434 FOR 04TH MAY, 2007 REGARDING DELAY IN CLEARANCE OF CHEQUES, TABLED BY SHRI RAGHUNATH JHA, M.P.

(a) to (e) Reserve Bank of India (RBI) has reported that at Magnetic Ink Character Recognition (MICR) centres, which account for over 80 percent of volume of cheques in clearing, the clearing cycle is normally 3 to 4 days for local cheques. Clearance of outstation cheques may take more time due to the necessity of their physical movement. However, High Value Clearing has been introduced at 25 centres where large value cheques (above Rs. 1 lakh) received at the branches in the central business area in the city upto 11.00 am are credited to the customer`s account on the same day. Non-payment or inordinate delay in the payment or collection of cheques/drafts is a deficiency in banking service entitling the cusiomer to file a complaint to the Banking Ombudsman concerned.

RBI, vide its guidelines dated 1st November, 2004, has advised all scheduled commercial banks to fo rmulate a Board approved comprehensive and transparent policy covering
(i) immediate credit of local / outstation cheques,
(ii) time frame for collection of local / outstation cheques, and
(iii) interest payment for delayed collection, taking into account their technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements for collection through correspondents and ensure wide publicity of the policy so formulated.

To facilitate ban<. customers to move funds faster, RBI has developed electronic funds transfer systems like Real Time Gross Settlement (RTGS) system, National Electronic Funds NEFT) and Electronic Clearing Service (ECS) system.